

**STATE OF INDIANA
WASTEWATER REVOLVING LOAN PROGRAM**

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STATE OF INDIANA
WASTEWATER REVOLVING LOAN PROGRAM

FINANCIAL ASSISTANCE AGREEMENT made as of this ___ day of June, 2000 by and among the State of Indiana (the "State") acting by and through the State Budget Agency (the "Budget Agency"), The Indianapolis Local Public Improvement Bond Bank, a political subdivision as defined in I.C. 13-11-2-164 and existing under I.C. 5-1.4 (the "Local Bond Bank") and the Sanitary District of the City of Indianapolis, Indiana (the "Qualified Entity"), a political subdivision as defined in I.C. 13-11-2-164 and existing under I.C. 36-9-25, witnesseth:

WHEREAS, the State has had a longstanding commitment to fund water quality projects for political subdivisions of the State; and

WHEREAS, the State's Wastewater Revolving Loan Program (the "SRF Program") has been established in accordance with the federal Clean Water Act and the regulations promulgated thereunder, and pursuant to I.C. 13-18-13 (the "SRF Act"), which SRF Act also establishes the wastewater revolving loan fund (the "SRF Fund"); and

WHEREAS, through the cooperation of federal, state and local governments, more than a billion dollars of water quality projects have been built in Indiana in the past two decades; and

WHEREAS, hundreds of millions of dollars of additional water quality projects in Indiana are critically needed, and the political subdivisions need -- and desire -- low-cost financing therefor; and

WHEREAS, the State is authorized pursuant to the SRF Act to fund the SRF Program with federal capitalization grants, together with required State matching funds, therefor; and

WHEREAS, the SRF Program is a critical source of low-cost financing for political subdivisions' water quality projects; and

WHEREAS, the Indiana Bond Bank (the "Bond Bank") has had a longstanding commitment to finance water quality projects for qualified entities by issuing its bonds, pursuant to I.C. 5-1.5 (the "Bond Bank Act") for the purpose of buying securities of such qualified entities; and

WHEREAS, in keeping with its public purpose under the Bond Bank Act, the Bond Bank intends to cooperate with the State in financing the SRF Program, including the required State matching funds, and the political subdivisions' water quality projects and, to that end, the State intends to cooperate with the Bond Bank; and

WHEREAS, to finance the SRF Program, including the required State matching funds, the Bond Bank has previously and will issue from time to time one or more series of its State Revolving Fund Program Bonds; and

WHEREAS, the Qualified Entity and the Local Bond Bank are each duly existing political subdivisions of the State, lawfully empowered to undertake all transactions and execute all documents mentioned or contemplated herein; and

WHEREAS, the Qualified Entity has previously entered into a Financial Assistance Agreement with the State, dated as of December 30, 1998 (the "Prior Agreement"), to borrow money from the SRF Program to construct and acquire a separate project (as described and defined in the Prior Agreement); and

WHEREAS, the Qualified Entity has now determined to undertake a wastewater treatment system project (as more fully described herein, the "Project") and to borrow additional money from the SRF Program to construct and acquire the Project; and

WHEREAS, the Qualified Entity has determined to issue its bonds and the Local Bond Bank has determined to purchase the Qualified Entity's bonds and, thereby, permit the Local Bond Bank to issue its bonds to evidence money borrowed from the SRF Program to construct and acquire the Project; and

WHEREAS, the State, Local Bond Bank and the Qualified Entity desire to set forth the terms of such financial assistance as hereinafter provided.

NOW THEREFORE, in consideration of the mutual covenants herein set forth, the State and the Qualified Entity agree as follows:

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ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms shall, for all purposes of this Agreement, have the following meaning:

"Agency" shall mean the United States Environmental Protection Agency or its successor.

"Authorizing Instrument(s)" shall mean the separate trust indenture(s) of the Local Bond Bank and the Qualified Entity, respectively, entered into with a corporate trustee or the detailed resolution(s) or ordinance(s) of the governing body of the Qualified Entity or the Local Bond Bank, as the case may be, pursuant to which their respective Bonds are issued in accordance with State law.

"Authorized Representative" shall mean the City Controller on behalf of the Qualified Entity (and the Executive Director on behalf of the Local Bond Bank) or such other officer, official, or representative of the Qualified Entity or the Local Bond Bank, duly authorized to act for and on behalf of the Qualified Entity or the Local Bond Bank, respectively, as provided for herein.

"Bond" or "Bonds" shall mean the instrument(s) which directly or indirectly evidence(s) the Loan, as authorized by the Authorizing Instrument and containing the terms set forth in Section 2.02 of this Agreement.

"Bond Bank Bonds" shall mean any Indiana Bond Bank State Revolving Fund Program Bonds issued as a part of the SRF Program.

"Bond Fund" shall mean the separate and segregated fund or account established and created by the Local Bond Bank or Qualified Entity pursuant to their respective Authorizing Instruments from which payment of the principal of and interest on the Bonds is required to be made by the Local Bond Bank or the Qualified Entity, respectively.

"Budget Agency" shall mean the State Budget Agency created under I.C. 4-12-1-3 or its successor.

"Business Day" shall mean any day other than a Saturday, Sunday or State legal holiday or any other day on which financial institutions in the State are authorized by law to close and to remain closed.

"Clean Water Act" shall mean the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387, as amended and supplemented from time to time.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, together with the regulations related thereto.

"Department" shall mean the Indiana Department of Environmental Management created under I.C. 13-13-1-1 or its successor.

"Disbursement Request" shall mean a request for a disbursement of the Loan made by an Authorized Representative in the form of Exhibit A to this Agreement, with appropriate attachments, or in such other forms as the State may from time to time prescribe.

"Eligible Cost" shall mean and include, whether incurred before or after the date of this Agreement, all costs which have been incurred and qualify for Financial Assistance, including engineering, financing and legal costs related thereto.

"Financial Assistance" shall mean the financial assistance authorized by the Clean Water Act, including the Loan.

"Loan" shall mean the purchase of the Bonds by the State to directly or indirectly finance the planning, designing, constructing, renovating, improving and expanding of the Qualified Entity's Treatment Works or refinance an existing debt obligation where such debt was incurred and building of such systems began after March 7, 1985, but does not mean the provision of other Financial Assistance.

"Operation and Maintenance" shall mean the activities required to assure the continuing dependable and economic function of the Treatment Works, including maintaining compliance with National Pollutant Discharge Elimination System permits, as follows:

(1) Operation shall mean the control and management of the united processes and equipment which make up the Treatment Works, including financial and personnel management, records, reporting, laboratory control, process control, safety and emergency operation planning and operating activities.

(2) Maintenance shall mean the preservation of the functional integrity and efficiency of equipment and structures by maintaining systems of preventive and corrective maintenance, including replacement.

"Plans and Specifications" shall mean the detailed written descriptions of the work to be done in undertaking and completing the Project, including the written descriptions of the work to be performed and the drawings, cross-sections, profiles and the like which show the location, dimensions and details of the work to be performed.

"Preliminary Engineering Report" shall mean the information submitted by the Qualified Entity that is necessary for the Department to determine the technical, economic and environmental adequacy of the proposed Project.

"Project" shall mean the activities or tasks identified and described in Exhibit B to this Agreement, as amended or supplemented by the Qualified Entity and consented to by the State, for which the Qualified Entity may expend the Loan.

"Purchase Account" shall mean the account by that name created by the SRF Indenture and held as part of the SRF Fund.

"SRF Fund" shall mean the wastewater revolving loan fund as established by I.C. 13-18-13-2.

"SRF Indenture" shall mean the Amended and Restated Wastewater SRF Trust Indenture, dated as of September 1, 1998 between the State and the Trustee, as amended and supplemented from time to time.

"SRF Program Director" shall mean the person designated by the Department and the Budget Agency as authorized to act as the SRF Program Director for purposes of this Agreement.

"State" shall mean the State of Indiana, acting through the Department and the Budget Agency.

"Substantial Completion of Construction" shall mean the day on which the Department determines that all but minor components of the Project have been built, all equipment is operational and the Project is capable of functioning as designed.

"Treatment Works" shall mean all, or any part of, the devices and systems for storage, transport, treatment, recycling and reclamation of municipal sewage, domestic sewage or liquid industrial wastes, or necessary to recycle or reuse water at the most economical cost over the life of the wastewater treatment system, including one or more of the following:

(1) Intercepting sewers, outfall sewers, sewage collection systems, individual systems, pumping, power and other equipment and their appurtenances.

- (2) Extensions, improvements, remodeling, additions and alterations thereof.
- (3) Elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities.
- (4) Any part of the wastewater treatment system including the land which will be an integral part of the treatment process or is used for ultimate disposal of residue resulting from such treatment, including land used for (i) composting sludge, (ii) temporary storage of such sludge and (iii) the storage of treated wastewater in land treatment systems before land application.
- (5) Any other method or system for preventing, abating, reducing, storing, treating, separating or disposing of municipal or industrial waste, including waste in combined storm water and sanitary sewer systems.

"Trustee" shall mean Bank One Trust Company, NA, Indianapolis, Indiana, in its capacity as trustee or its successor under the SRF Indenture.

Section 1.02. Application of Defined Terms in Their Context. The terms set forth in Section 1.01 shall, for all purposes of this Agreement, be applied in the context in which they may be used and where a term and context may be applied as a separate undertaking by both the Local Bond Bank and the Qualified Entity, each such undertaking shall be applied as broadly as possible so as to be interpreted as an undertaking of each such party.

(End of Article I)

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ARTICLE II

PURPOSE OF BORROWING AND LOAN TERMS

Section 2.01. Amount; Purpose. The State agrees to Loan an amount not to exceed Thirty-Two Million Dollars (\$32,000,000) in aggregate principal amount to the Local Bond Bank to permit a like amount to be lent to the Qualified Entity as Financial Assistance to pay for the Eligible Costs, as hereinafter described, of the Project on, and subject to, the terms and conditions contained herein. The Loan shall be used only to pay the following Eligible Costs: (a) eligible planning services for the production of a Preliminary Engineering Report ("Planning"), (b) eligible design services for the production of Plans and Specifications ("Design") and (c) eligible construction costs, including financing and legal costs ("Construction"). The Loan shall be funded solely from available proceeds of the Bond Bank Bonds contained in the Purchase Account or from other sources the State, in its sole discretion, may designate. The Loan is evidenced by the Bonds executed and delivered by the Local Bond Bank contemporaneously herewith in order to, thereby permit the Qualified Entity to execute and deliver its Bonds contemporaneously herewith to serve as the source of payment of the Loan. The Bonds shall be in fully registered form, with the Bond Bank registered as the registered owner. Pursuant to certain agreements between the State and the Bond Bank, so long as the Bond Bank is the registered owner, the principal of and redemption premium, if any, and interest on the Bonds shall be paid to the Trustee by a wire transfer referenced as follows: Bank One, N.A., BNF: Corporate Trust Services, ABA 044000037, A/C 980219029, OBI: INDIANA BOND BANK SRF, Attn: John Stephens (317) 756-1320. The Loan to the Local Bond Bank shall be used solely to purchase the Bonds of the Qualified Entity and the Qualified Entity shall use such proceeds solely to pay Eligible Costs. The Qualified Entity agrees to undertake and complete the Project and the Local Bond Bank and the Qualified Entity agree to receive and expend the Loan proceeds in accordance with this Agreement.

Section 2.02. The Bonds.

(a) The Bonds will not bear interest for the one year period from the date of this Agreement and thereafter will bear interest at the per annum rate of three and five tenths percent (3.5%) (calculated on the basis of a 360-day year comprised of twelve 30-day months) until paid, as provided in I.C. 13-18-13-10 and -15. Notwithstanding, if the State requests that any Bond of this Series be insured (and it is so insured) and the related premium is paid by the Bond Bank from the proceeds of the Bonds, the 0% interest period shall be extended for such additional period of time as is necessary to result in aggregate savings (assuming interest would have accrued at a rate of 3.5% per annum) equal to the cost of such insurance. Interest, if any, on the Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2002. The Bonds will be in the aggregate principal amount of Thirty-Two Million Dollars (\$32,000,000). Subject to Section 2.05 herein, the Bonds will mature on January 1 of each of the years set forth in, and at the principal amount set opposite each such month and year set forth in, the schedule contained in Exhibit C to this Agreement; provided, however, notwithstanding the foregoing or the terms of the Bonds to the contrary, no maturity of Bonds shall extend beyond the date which is twenty (20) years after Substantial Completion of Construction. If the maturity date for any Bonds is beyond such date, unless otherwise agreed to, such Bonds, together with accrued and unpaid interest thereon, will be due and payable on such date.

(b) The respective Bonds will be subject to redemption by the Local Bond Bank and the Qualified Entity as provided in their respective Authorizing Instruments.

(c) The form and other terms of the Bonds will be in conformity with the Authorizing Instruments.

Section 2.03. Disbursement Conditions. Each of the following shall be a condition precedent to the disbursement of the Loan or any portion thereof:

(a) (1) With respect to procurement of professional services related to the Project to be paid from Loan proceeds, the Qualified Entity shall have complied with 327 I.A.C. 13-11-1. (2) With respect to procurement of all other goods and services related to the Project to be paid from Loan proceeds, the Qualified Entity shall have complied with I.C. 36-1-12.

(b) No representation, warranty or covenant of the Local Bond Bank or the Qualified Entity contained in this Agreement or in any paper executed and delivered in connection with the transactions contemplated by this Agreement shall be false or inaccurate in any material respect.

(c) The Local Bond Bank and the Qualified Entity shall undertake and faithfully perform each of its obligations, agreements and covenants contained in this Agreement, the Authorizing Instruments and the Bonds.

(d) There shall be available to the State uncommitted funds in an amount sufficient to satisfy the State's obligations hereunder from the proceeds of Bond Bank Bonds in the Purchase Account.

(e) The Local Bond Bank and the Qualified Entity shall have undertaken all actions necessary to comply with and satisfied the conditions and requirements for a Loan secured with money made available from the SRF Fund as set forth in federal and State statutes, rules and regulations, including I.C. 13-18-13, 327 I.A.C. 13, the Clean Water Act and 40 C.F.R. Part 35.

(f) Prior to making any Loan disbursement to pay any Construction costs, the Project shall have been approved by the State's Historical Preservation Officer in a manner consistent with the policies and practices of the SRF Program (the "Historical Preservation Approval"). Notwithstanding any provision of this Agreement to the contrary, in the event a Historical Preservation Approval has not been given within four (4) months after the date of this Agreement, the State may, in its sole discretion, reduce the aggregate amount of the Loan to the amount then disbursed and outstanding under this Agreement. Upon giving notice to the Qualified Entity of such action, no further Loan disbursement may be made under this Agreement unless consented to by the State.

Section 2.04. Disbursement Procedures. Loan proceeds shall be disbursed to the Local Bond Bank and, thereafter, to the Qualified Entity by the Trustee for actual Eligible Costs incurred with respect to the Project. The State may, in its discretion, cause Loan disbursements to be made (a) directly to the person or entity identified in the Disbursement Request to whom payment is due, or (b) if advised in writing by the Qualified Entity that I.C. 36-1-12-14 or a similar law applies to the Project, to the Qualified Entity for purposes of collecting retainage, or some combination thereof. Any Loan proceeds in excess of the amount subject to retainage controlled by the Qualified Entity will be immediately remitted to the person or entity to whom payment is due, no later than three (3) Business Days after receipt or the date such Loan proceeds are no longer subject to retainage. Loan disbursements shall not be made more frequently than monthly and shall only be made following the submission of a Disbursement Request to the State. Disbursement Requests shall be approved by the Department and the SRF Program Director prior to submission to the Trustee for a Loan disbursement. Disbursement Requests shall be numbered sequentially, beginning with the number 1.

Section 2.05. Effect of Disbursements. Loan disbursements made to or for the benefit of the Qualified Entity shall be deemed to be a purchase of the Bonds in such amounts and with such maturities as achieves as level debt service as practicable, and with no maturity longer than the original maturity schedule; provided that any principal payments originally scheduled under Section 2.02 herein as being due prior to one year after Substantial Completion of Construction shall first be deemed to be a purchase of the Bonds in order of maturity. Interest on the Loan commences on the day that the State approves a Disbursement Request and forwards such Disbursement Request to the Trustee for payment. In the event any Loan disbursement is made in excess of Eligible Costs, such excess disbursements shall be immediately paid by the Local Bond Bank and the Qualified Entity to the Trustee and may, subject to the terms and conditions set forth in this Agreement, then be re-borrowed by the Bond Bank and the Qualified Entity.

Section 2.06. Acknowledgment of Amount of Loan; Final Disbursement. Within 30 days after any request by the State from time to time, the Local Bond Bank and the Qualified Entity shall execute and deliver to the State an acknowledgment in the form prescribed by the State which acknowledges the outstanding principal

of and interest on their respective Bonds. Unless the State consents in writing, no Loan disbursement shall be made more than one year after Substantial Completion of Construction. After Substantial Completion of Construction, upon the request of the State, the Local Bond Bank and the Qualified Entity shall replace, at its expense, their respective Bonds with substitutes issued pursuant to their respective Authorizing Instruments to evidence the outstanding principal under the Loan.

(End of Article II)

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ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE QUALIFIED ENTITY

Section 3.01. Planning, Design and Construction Covenants. The Qualified Entity hereby covenants and agrees with the State that the Qualified Entity will:

(a) Provide information as requested by the State to determine the need for, or to complete any necessary, environmental review or analysis.

(b) Comply with the procurement procedures and affirmative action requirements contained in 327 I.A.C. 13-11 in the Planning, Design and Construction of the Project to the extent that such are to be paid from Loan proceeds.

(c) With respect to prime and first tier contract awards, report minority and women business enterprise utilization in the Planning, Design and Construction of the Project, to the extent that such are to be paid from Loan proceeds, by executing and delivering Agency Form SF 5700-528-5-96 to the Department whenever any agreements or subagreements are awarded. (These reports must be submitted by the 15th day of each January, April, July and October after which such agreement or subagreement is awarded).

(d) Prior to the submission to the Department of the Design of the Project, receive the written approval of the Department as to the Preliminary Engineering Report.

(e) Comply with all applicable federal, State and local statutes, rules and regulations relating to the acquisition and construction of the Treatment Works.

(f) In the event Construction is to be paid from Loan proceeds, prior to advertising for Construction bids for the Project, receive the written approval of the Department of the Plans and Specifications.

(g) Obtain the property rights necessary to construct the Treatment Works and, in procuring any such rights comply with federal and State law.

(h) In the event Construction is to be paid from Loan proceeds, comply with the federal Davis-Bacon Act, codified at 40 U.S.C. Section 276a-276a-5.

(i) In the event Construction is to be paid from Loan proceeds, execute and deliver to the Department Agency Form 4700-4 ("Pre-award Compliance Review Report for Wastewater Treatment Construction Grants") and Agency Form 5700-49 ("Certification Regarding the Debarment, Suspension, and Other Responsibility Matters").

(j) In the event Construction is to be paid from Loan proceeds, follow guidance issued by the Department in procuring contracts for Construction, including (1) submission to the Department of Project change orders, (2) obtaining approval from the SRF Program Director of any Project change order which significantly changes the scope or Design of the Project or, when taking into account other change orders and contracts, are reasonably expected to result in expenditures in an amount greater than the Loan, (3) receiving approval from the SRF Program Director prior to the award of any contract for Construction and (4) receiving authorization from the SRF Program Director prior to initiating procurement of construction of the Project.

(k) In the event Construction is to be paid from Loan proceeds, before awarding Construction contracts, receive approval of the SRF Program Representative for the sewer charge system (including sewer use ordinance and any interlocal agreement) associated with the Project.

(l) In the event Construction is to be paid from Loan proceeds, cause the Project to be constructed in accordance with the Plans and Specifications, using approved contract papers.

(m) Permit the State and its agents to inspect from time to time (1) the Project, (2) the Treatment Works and (3) the books and other financial records of the Treatment Works, including the inspections described in 327 I.A.C. 13-12-7 and 327 I.A.C. 13-15-1. Construction contracts shall provide that the State or its agents will have access to the Project and the work related thereto and that the Qualified Entity's contractor will provide proper facilities for such access and inspection. All files and records pertaining to the Project shall be retained by the Qualified Entity for at least six years after Substantial Completion of Construction.

(n) Upon Substantial Completion of Construction and when requested by the State, provide audited reports to the State to permit the State to determine that the Loan proceeds have been used in compliance with this Agreement.

(o) In the event Construction is to be paid from Loan proceeds, within one year of Substantial Completion of Construction, certify to the State that the Project meets performance standards, or if not met, (1) submit to the Department a corrective action plan, including the information described in 327 I.A.C. 13-12-9 and (2) promptly and diligently undertake any corrective action necessary to bring the Project into compliance with such standards.

(p) In the event Construction is to be paid from Loan proceeds, within one year of Substantial Completion of Construction, provide as-built plans for the Project to the Department.

Section 3.02. General Covenants. The Qualified Entity hereby covenants and agrees with the State that the Qualified Entity will:

(a) Comply with all applicable federal, State and local statutes, rules and regulations relating to Operation and Maintenance.

(b) (1) Own, operate and maintain the Project and the Treatment Works for their useful life, or cause them to be operated and maintained for their useful life; (2) at all times maintain the Treatment Works in good condition and operate it in an efficient manner and at a reasonable cost; and (3) not sell, transfer, lease or otherwise encumber the Treatment Works or any portion thereof or any interest therein without the prior written consent of the State.

(c) Obtain and maintain the property rights necessary to operate and maintain the Treatment Works, and in procuring any such rights, comply with federal and State law.

(d) Acquire and maintain insurance coverage acceptable to the State, including fidelity bonds, to protect the Treatment Works and its operations. All insurance shall be placed with responsible insurance companies qualified to do business under State law. Insurance proceeds and condemnation awards shall be used to replace or repair the Treatment Works unless the State consents to a different use of such proceeds or awards.

(e) Establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Treatment Works in accordance with (1) generally accepted governmental accounting principles, as promulgated by the Government Accounting Standards Board and (2) the rules, regulations and guidance of the State Board of Accounts.

(f) Provide to the State such periodic financial and environmental reports as it may request from time to time, including (1) annual operating and capital budgets and (2) such other information requested or required of the State or the Qualified Entity by the Agency.

(g) Provide notice to the Department under the circumstances contemplated, and undertake inspections as required, by 327 I.A.C. 13-12-7.

(h) (1) Establish and maintain just and equitable rates and charges for the use of and the service rendered by the Treatment Works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the Treatment Works, or that in any way uses or is served by the Treatment Works, (2) establish, adjust and maintain rates and charges at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the Qualified Entity) to provide for the proper Operation and Maintenance of the Treatment Works, to comply with and satisfy all covenants contained herein and to pay all obligations of the Treatment Works and of the Qualified Entity with respect thereto, and (3) if and to the extent Bonds are payable from property taxes, levy each year a special ad valorem tax upon all property located in the boundaries of the Qualified Entity, to pay all obligations of the Qualified Entity with respect thereto.

(i) If the Bonds are payable from the revenues of the Treatment Works, not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Treatment Works without the prior written consent of the State if such undertaking would involve, commit or use the revenues of the Treatment Works; provided that the Qualified Entity may authorize and issue additional obligations, payable out of the revenues of its Treatment Works, ranking on a parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to the Treatment Works, or to refund obligations of the Treatment Works, subject to the conditions, if any, in the Authorizing Instrument.

(j) Comply with the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000d et seq., the Age Discrimination Act, as amended, Public Law 94-135, Section 504 of the Rehabilitation Act of 1973, as amended (including Executive Orders 11914 and 11250), 29 U.S.C. Section 794, Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Public Law 92-500, Executive Order 11246 regarding equal employment opportunity, and Executive Orders 11625 and 12138.

(k) Undertake all actions necessary to investigate all potential, material claims which the Qualified Entity may have against other persons with respect to the Treatment Works and the Project and take whatever action is necessary or appropriate to (1) recover on any actionable, material claims related to the Project or the Planning, Design or Construction thereof, (2) meet applicable Project performance standards and (3) otherwise operate the Treatment Works in accordance with applicable federal, State and local law.

(l) Not modify, alter, amend, add to or rescind any provision of the Authorizing Instrument without the prior written consent of the State.

Section 3.03. Representations and Warranties of the Local Bond Bank and the Qualified Entity. After due investigation and inquiry, the Local Bond Bank and the Qualified Entity hereby jointly and severally represents and warrants to the State that:

(a) The Local Bond Bank and the Qualified Entity are each duly organized and existing under state law, and each constitutes a "political subdivision" within the meaning of I.C. 13-11-2-164. The Project and the Treatment Works are subject to I.C. 36-9-25.

(b) The Local Bond Bank and the Qualified Entity each have full power and authority to adopt their respective Authorizing Instrument, enter into this Agreement and issue their respective Bonds and perform their respective obligations hereunder and thereunder.

(c) By all required action, the Local Bond Bank and the Qualified Entity have each duly adopted their respective Authorizing Instrument and authorized the execution and delivery of this Agreement, their respective Bonds and all other papers delivered in connection herewith.

(d) Neither the execution of, nor the consummation of the transaction contemplated by, this Agreement nor the compliance with the terms and conditions of any other paper referred to herein, shall conflict with, result in a breach of or constitute a default under, any indenture, mortgage, lease, agreement or instrument to which the Local Bond Bank or the Qualified Entity is a party or by which the Local Bond Bank or the Qualified Entity or their respective property, including the Treatment Works, is bound or any law, regulation, order, writ, injunction or decree of any court or governmental agency or instrumentality having jurisdiction.

(e) There is no litigation pending or, to the knowledge of the Local Bond Bank and the Qualified Entity, upon investigation, threatened that (1) challenges or questions the validity or binding effect of this Agreement, the respective Authorizing Instruments or the respective Bonds or the authority or ability of the Local Bond Bank and the Qualified Entity to execute and deliver this Agreement or their respective Bonds and perform their respective obligations hereunder or thereunder or (2) would, if adversely determined, have a significant adverse effect on the ability of the Local Bond Bank or the Qualified Entity to meet their respective obligations under this Agreement or their respective Authorizing Instruments or Bonds.

(f) The Local Bond Bank and the Qualified Entity have not at any time failed to pay when due interest or principal on, and neither is now in default under, any of their respective warrants or other evidence of obligation or indebtedness.

(g) All information furnished by the Local Bond Bank and the Qualified Entity to the State or any of the persons representing the State in connection with the Loan or the Project is accurate and complete in all material respects.

(h) The Local Bond Bank and the Qualified Entity have taken or will take all proceedings required by law to enable each to issue and sell their respective Bonds as contemplated by this Agreement.

Each of the foregoing representations and warranties will be deemed to have been made by the Local Bond Bank and the Qualified Entity as of the date of this Agreement and as of the date of any disbursement of Loan proceeds. Each of the foregoing representations and warranties shall survive the Loan disbursements regardless of any investigation or investigations the State may have undertaken.

Section 3.03A. Representations, Warranties and Covenants of the Local Bond Bank and the Qualified Entity pertaining to its Authorizing Proceedings. The Local Bond Bank and the Qualified Entity hereby jointly and severally represent and warrant to the State, and hereby jointly and severally covenant and agree with the State, that in the application of the below referenced provisions of the Authorizing Proceedings, such terms shall for all purposes be understood and enforced in manner consistent with following:

(a) As such relate to the Master Bond Resolution of the Board of Asset Management and Public Works of the City of Indianapolis Resolution No. 43-1998, adopted July 8, 1998, as amended on December 2, 1998 (such Authorizing Proceeding hereinafter referred to as the "Master Resolution"):

(i) The Certifier (as defined in the Master Resolution) shall be a person or firm selected, retained and compensated by the Qualified Entity which: (1) has a recognized reputation for special skill and knowledge in methods of the operation, management and financing of sewage utilities and (2) is reasonably acceptable to the State;

- (ii) Unless a Revenue Bond (as defined in the Master Resolution) is no longer outstanding as provided in Section 6.07 of the Master Resolution, no provision of Section 4.06(c) of the Master Resolution shall be construed to limit the Qualified Entity's obligation to pay any unpaid Revenue Bonds and interest thereon or otherwise affect any lien in favor of such bondholders under the terms of the Master Resolution;
 - (iii) Moneys in the Sanitary Sewer Capital Improvement Fund (as defined in the Master Resolution) shall be transferred to the Revenue Bond Interest and Principal Account if necessary to prevent a default in the payment of principal and interest on the then outstanding 1998A Bonds (as defined in the Supplemental Resolution), which includes the \$23,000,000 City of Indianapolis, Indiana Sanitary District Bonds of 1998, Series A, dated December 30, 1999 and the \$32,000,000 City of Indianapolis, Indiana Sanitary District Bonds of 2000, Series A, dated even herewith (collectively the "Outstanding Bonds") or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account (as defined in subsection (b) below);
 - (iv) The lien and pledge granted in the Master Resolution shall for all purposes have the force and effects set forth in I.C. 5-1-14-4, and the revenues, money and property pledged therein shall be immediately subject to a lien in favor of the Owners of the Outstanding Bonds and is immediately binding against all parties now or hereafter having claims of any kind in tort, contract or otherwise against the Qualified Entity. The Qualified Entity shall not grant or agree to any lien or claim against the Net Revenues (as defined in the Master Resolution) except as otherwise permitted by the Master Resolution for obligations issued on a parity with Revenue Bonds and obligations which are in all respects subordinate and junior to the claim of Revenue Bonds against such Net Revenues. Any contrary grant or agreement entered in by the Qualified Entity shall be of no force or effect.
- (b) The Local Bond Bank and the Qualified Entity hereby jointly and severally represent and warrant to the State, and hereby jointly and severally covenant and agree with the State, that at the direction of the State, each will use their best efforts to cause all or portion of the Bonds to be insured with a national municipal bond insurer reasonably acceptable to the Local Bond Bank and will add such supplemental and make such amendatory provisions to the Authorizing Proceedings as are reasonably necessary to permit such Bonds to be so insured. In connection with obtaining any such bond insurance, the State will provide for the payment of the related insurance premium either directly or, if paid by a disbursement of the Loan at the direction of the State, by means of a reduction in the interest rate on the Bonds in an amount equal to the insurance premium.

Section 3.04. Covenants Regarding Assignment. The Local Bond Bank and the Qualified Entity acknowledges that the State may direct the Bond Bank to sell or assign the Bonds, and certain of its rights related thereto, as permitted pursuant to Section 5.02 herein. The Qualified Entity covenants and agrees to cooperate with and assist in, at its expense, any such assignment. Within 30 days following a request by the State, the Local Bond Bank and the Qualified Entity covenants and agrees with the State that the Local Bond Bank and the Qualified Entity will, at their expense, furnish any information, financial or otherwise, with respect to the Local Bond Bank, the Qualified Entity, this Agreement, the Authorizing Instruments and the Bonds and the Treatment Works as the State reasonably requests in writing to facilitate the sale or assignment of the Bonds.

Section 3.05. Nature of Information. All information furnished by the Local Bond Bank and the Qualified Entity to the State or any person representing the State in connection with the Loan or the Project may be furnished to any other person the State, in its judgment, deems necessary or desirable in its operation and administration of the SRF Program.

Section 3.06. Tax Covenants. The Local Bond Bank and the Qualified Entity hereby covenants that each will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause to permit to be taken by it or by any party under its control, any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code. The Local Bond Bank and the Qualified Entity further covenants that each will not do any act or thing that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code or "arbitrage bonds" within the meaning of Section 148 of the Code. In furtherance and not in limitation of the foregoing, the Local Bond Bank and the Qualified Entity shall take all action necessary and appropriate to comply with the arbitrage rebate requirements under Section 148 of the Code to the extent applicable to the Local Bond Bank and the Qualified Entity or their respective Bonds, including accounting for and making provision for the payment of any and all amounts that may be required to be paid to the United States of America from time to time pursuant to Section 148 of the Code.

Section 3.07. Non-Discrimination Covenant. Pursuant to and with the force and effect set forth in I.C. 22-9-1-10, the Qualified Entity hereby covenants that the Qualified Entity, and its contractor and subcontractor for the Project, shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to the hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry.

(End of Article III)

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ARTICLE IV

DEFAULTS

Section 4.01. Remedies. The State's obligation to make a disbursement under the Loan to the Local Bond Bank and the Qualified Entity hereunder may be terminated at the option of the State, without giving any prior notice to the Local Bond Bank and the Qualified Entity, in the event: (a) the Local Bond Bank or the Qualified Entity fails to undertake or perform in a timely manner any of its agreements, covenants, terms or conditions set forth herein or in any paper entered into or delivered in connection herewith; or (b) any representation or warranty made by the Local Bond Bank or the Qualified Entity as set forth herein or in any paper entered into or delivered in connection herewith is materially false or misleading. Any such event shall constitute an event of default. If an event of default occurs, the State without giving any prior notice, may declare the entire outstanding principal amount of the Loan, together with accrued interest thereon, immediately due and payable.

Section 4.02. Effect of Default. Failure on the part of the State in any instance or under any circumstance to observe or perform fully any obligation assumed by or imposed upon the State by this Agreement or by law shall not make the State liable in damages to the Local Bond Bank or the Qualified Entity or relieve the Local Bond Bank or the Qualified Entity from paying any Bond or fully performing any other obligation required of it under this Agreement or the Authorizing Instrument; provided, however, that the Local Bond Bank and the Qualified Entity may have and pursue any and all other remedies provided by law for compelling performance by the State of such obligation assumed by or imposed upon the State. The obligations of the State hereunder do not create a debt or a liability of the State under the constitution of the State or a pledge of the faith or credit of the State and do not directly, indirectly or contingently, obligate the State to levy any form of taxation for the payment thereof or to make any appropriation for their payment. Neither the State nor any agent, attorney, member or employee of the State shall in any event be liable for damages, if any, for the nonperformance of any obligation or agreement of any kind whatsoever set forth in this Agreement.

Section 4.03. Defaults under other Financial Assistance Agreements. The Qualified Entity and the State agree that any event of default occurring under the Prior Agreement shall constitute an event of default under this Agreement. Similarly, the Qualified Entity and the State agree that any event of default under this Agreement, or under any subsequent financial assistance agreement entered into between the Qualified Entity and the State, shall constitute an event of default under the Prior Agreement and the subsequent financial assistance agreement, if any, as the case may be.

(End of Article IV)

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ARTICLE V
MISCELLANEOUS

Section 5.01. Citations. Any reference to a part, provision, section or other reference description of a federal or State statute, rule or regulation contained herein shall include any amendments, replacements or supplements to such statutes, rules or regulation as may be made effective from time to time. Each reference to 327 I.A.C. herein shall also be deemed to be a reference to the companion provision found in 85 I.A.C.

Section 5.02. Assignment. Neither this Agreement, nor the Loan or the proceeds thereof may be assigned by the Local Bond Bank or the Qualified Entity without the prior written consent of the State and any attempt at such an assignment without such consent shall be void. The State may at its option sell or assign all or a portion of its rights and obligations under this Agreement, the Authorizing Instrument, and the Bonds to an agency of the State or to a separate body corporate and politic of the State or to a trustee under trust instrument to which the State or any assignee is a beneficiary or party. The State may at its option assign all or a portion of its rights under this Agreement to any person. The Local Bond Bank and the Qualified Entity hereby consents to any such assignment by the State. This Agreement shall be binding upon and inure to the benefit of any permitted successor and assign.

Section 5.03. No Waiver. Neither the failure of the State nor the delay of the State to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other further exercise of any other right, power or privilege.

Section 5.04. Modifications. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

Section 5.05. Entire Agreement. This Agreement contains the entire agreement between the parties hereto and there are no promises, agreements, conditions, undertakings, warranties and representations, either written or oral, expressed or implied between the parties hereto other than as herein set forth or as may be made in the Authorizing Instrument and the other papers delivered in connection herewith. In the event there is a conflict between the terms of this Agreement and the Authorizing Instrument, the terms of this Agreement shall control. It is expressly understood and agreed that except as otherwise provided herein this Agreement represents an integration of any and all prior and contemporaneous promises, agreements, conditions, undertakings, warranties and representations between the parties hereto. This Agreement shall not be deemed to be a merger or integration of the existing terms under the Prior Agreement except as expressly set forth in Section 4.03 herein.

Section 5.06. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be executed by the State, the Local Bond Bank and the Qualified Entity, and all of which shall be regarded for all purposes as one original and shall constitute one and the same instrument.

Section 5.07. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Agreement on the part of the State or the Qualified Entity to be performed shall be deemed by a court of competent jurisdiction to be contrary to law or cause the Bonds to be invalid as determined by a court of competent jurisdiction, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements and waived and shall in no way affect the validity of the other provisions of this Agreement.

Section 5.08. Notices. All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally or sent or transmitted to the appropriate destination as set forth below in the manner provided for herein. Notice to the State shall be given by providing such notice to both the Budget Agency and the Department as follows:

State of Indiana
Department of Environmental Management
100 North Senate, 12th Floor
Post Office Box 6015
Indianapolis, Indiana 46206-6015

Attention: SRF Program Director

State of Indiana
State Budget Agency
212 State House
Indianapolis, Indiana 46204
Attention: SRF Program Representative

or at such other address(es) or number(s) and to the attention of such other person(s) as the State may designate by notice to the Local Bond Bank and the Qualified Entity. Notices to the Local Bond Bank and the Qualified Entity shall be addressed to:

Sanitary District of the City of Indianapolis and
The Indianapolis Local Public Improvement Bond Bank
2501 City-County Building
200 East Washington Street
Indianapolis, Indiana 46204
Attention: Executive Director

or at such other address(es) or number(s) and to the attention of such other person(s) as the Local Bond Bank and the Qualified Entity may designate by notice to the State. Any notice hereunder shall be deemed to have been served or given as of (a) the date such notice is personally delivered, (b) three (3) Business Days after it is mailed U.S. mail, First Class postage prepaid, (c) one (1) Business Day after it is sent on such terms by Federal Express or similar next-day courier, or (d) the same day as it is sent by facsimile transmission with telephonic confirmation of receipt by the person to whom it is sent.

Section 5.09. Expenses. The Local Bond Bank and the Qualified Entity covenants and agrees to pay (a) the fees, costs and expenses in connection with making the Loan, including issuing the Bonds and providing the necessary certificates, documents and opinions required to be delivered therewith; (b) the fees, costs and expenses in connection with making and administering the Loan; (c) the costs and expenses of complying with its covenants made herein; and (d) any and all costs and expenses, including attorneys' fees, incurred by the State in connection with the enforcement of this Agreement, the Authorizing Instrument and the Bonds in the event of the breach by the Local Bond Bank or the Qualified Entity of or a default under this Agreement, the Authorizing Instrument or the Bonds. Notwithstanding clause (b) above, the Local Bond Bank and the Qualified Entity shall not be obligated to pay any of the fees, costs and expenses in connection with administering the Loan except as follows: (1) the State may request and the Local Bond Bank and the Qualified Entity shall promptly pay, an annual administrative fee in connection with the Loan in an amount determined by the State, but not exceeding \$1,000; (2) for so long as the State or the Bond Bank is the registered owner of the Bonds, at the direction of the State, the interest rate on the Bonds may be adjusted to lower the interest rate on the Bonds, and the difference between the amount payable as the original rate on the Bonds and the lower rate shall be deemed an additional administrative fee in connection with the SRF Program; and (3) the Local Bond Bank and the Qualified Entity shall only be obligated to pay fees, costs and expenses of the State's counsel and financial advisers in connection with making the Loan up to \$20,000.

Section 5.10. Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Indiana.

Section 5.11. Term. This Agreement shall terminate at such time as the Local Bond Bank and the Qualified Entity has fully met and discharged all of its obligations hereunder, which term may extend beyond the final payment of the Bonds or provision for the payment of the Bonds pursuant to the Authorizing Instrument.

(End of Article V)

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers or officials, all as of the date first above written.

SANITARY DISTRICT OF THE CITY OF
INDIANAPOLIS

"Qualified Entity"

By: _____

Printed: _____

Title:_____

Attest:

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT
BOND BANK

"Local Bond Bank"

By: _____

Printed: _____

Title:_____

Attest:

STATE BUDGET AGENCY

By: _____
Betty Cockrum, State Budget Director

"Budget Agency"

Approved: DEPARTMENT OF ADMINISTRATION

By: _____
Glenn Lawrence, Commissioner

Approved as to form and legality: *
ATTORNEY GENERAL OF THE STATE OF INDIANA

- By reference to a form contract approval made by Priscilla Keith, Special Services Section Chief, Office of the Attorney General, in correspondence addressed to Rich Emery, SRF Program Representative, dated February 15, 2000, pursuant to I.C. 4-13-2-14.3(e), this agreement is not required to be individually approved.

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EXHIBIT A

State of Indiana
STATE WASTEWATER REVOLVING LOAN (SRF) PROGRAM
Indiana Government Center North
100 N. Senate Avenue, 12th Floor
P. O. Box 6015
Indianapolis, Indiana 46206-6015
(317) 232-8631

REQUEST FOR A DISBURSEMENT

The undersigned Authorized Representative of the Qualified Entity named in this Request, on behalf of such Qualified Entity, hereby (i) requests that the State make a Disbursement, or cause a Disbursement to be made, in accordance with this Request and (ii) directs that the State mail, or cause to be mailed, the Disbursement to the Qualified Entity or the Contractor named in this Request.

Instructions

1. This Request is applicable only to costs of the Qualified Entity's wastewater treatment works project eligible for financing from the State Wastewater Revolving Loan Fund (the "SRF").
2. Combine multiple bills from a single contractor on one request form.
3. Attach a copy of the claim (a bill, an invoice or a statement) underlying this Request.
4. Complete the required information and please answer all questions.
5. Indicate on this Request if the Qualified Entity has paid all or part of the Contractor's claim and is seeking reimbursement. Attach evidence that such payment was made and the date on which it was made.
6. Inquires related to the status of a Disbursement request must be directed to the Qualified Entity. The Qualified Entity can then contact this office for the information. Please contact your contractors about this policy.
7. Requested amounts must be rounded to the nearest whole dollar.
8. The Request must be typed.

DISBURSEMENT REQUEST INFORMATION

Community: _____
Mailing Address: _____

Project No.: CS
Request No.:

Contact Person: _____

Contact Phone No.: ()

Community's Authorized Representative:

Authorized Representative's Phone No.:

Description of Work for which claim is being made (service, fees, type of, etc.):

<u>Contractor</u>	<u>Address</u>	<u>Amount Requested</u>
-------------------	----------------	-------------------------

\$ _____

Original Loan Amount

\$ _____

Total Amount of Previous Disbursements

\$ _____

Amount of this Request

\$ _____

Balance Available after this Disbursement

\$ _____

Is a portion of the claim underlying this Request subject to retainage under I.C. 36-1-12-14 or a similar law? YES ___ NO

If yes the retainage amount is

\$ _____

This amount will be mailed to the community for such retainage purposes and the remainder sent directly to the contractor identified above.

Has the Qualified Entity paid the request and seeking reimbursement?

YES ___ NO

The undersigned hereby certifies that this Request is true and correct, that the claim underlying this Request is legally due (and is payable from the SRF) in accordance with the Financial Assistance Agreement with the State.

DATE: _____

AUTHORIZED REPRESENTATIVE SIGNATURE

STATE AUTHORIZATION

The Department of Environmental Management finds \$_____ of the claim underlying this Request to be eligible SRF Costs to be disbursed as directed below.

The Program Representative hereby (i) authorizes Bank One Trust Company, NA, as trustee, to disburse the amount stated in the preceding sentence and (ii) directs that such amount be mailed to:

\$_____ the Contractor at the address identified on page 2.

\$_____ the Qualified Entity at the address identified on page 2.

DEPARTMENT OF ENVIRONMENTAL
MANAGEMENT

PROGRAM REPRESENTATIVE

By: _____

By:

Date: _____

Date:

Trustee Certification

The undersigned, on behalf of Bank One Trust Company, NA, as trustee, hereby certifies that a Disbursement in the amount authorized by the State, together with a completed copy of this Request, was mailed on _____, ____ to the party stated under "State Authorization" above. Further, a copy of this completed Request has been mailed to the Qualified Entity and the Department of Environmental Management.

Bank One Trust Company, NA, as Trustee

Date: _____

By:
Authorized Officer

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EXHIBIT B

PROJECT DESCRIPTION

The Project (informally identified as PER#1A) includes: 64th and Michigan Road and 71st and Hague Barrett Law projects; temporary instream storage of wet weather flows in the CSOs discharging at 32nd and Fall Creek Parkway and 34th and Fall Creek Parkway; and CSO netting and screening at 30th and Fall Creek, and New York Street and White River.

The Project (informally identified as PER#2) also includes: thirteen individual projects with proposed improvements involving lift station upgrades, installation of sanitary sewers (identified by the Qualified Entity as Barrett Law projects), construction of combined sewer overflow vortexes and sanitary sewer rehabilitation.

The Project is more fully described in, and shall be in accordance with, the Preliminary Engineering Report and the Plans and Specifications approved by the Department.

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EXHIBIT C
Principal Payment Schedule

<u>Date</u>	<u>Principal Amount</u>
1/1/2002	
1/1/2003	
1/1/2004	
1/1/2005	
1/1/2006	
1/1/2007	
1/1/2008	
1/1/2009	
1/1/2010	
1/1/2011	
1/1/2012	
1/1/2013	
1/1/2014	
1/1/2015	
1/1/2016	
1/1/2017	
1/1/2018	
1/1/2019	
1/1/2020	
1/2/2021	
Total	

[Subject to State's approval, this information is to be supplied by the Qualified Entity's Financial Advisor prior to Closing.]

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